

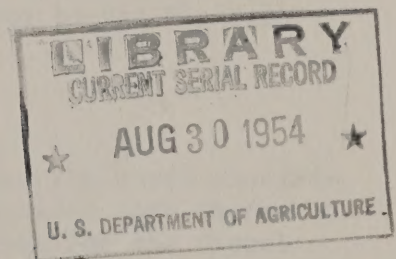
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Rural Electrification Administration

Report on

WESTERN AREA INTERIM FIELD CONFERENCE
NEWHOUSE HOTEL, SALT LAKE CITY, UTAH

March 15-19, 1954



Approved:

C. L. Schult

Monday Morning - March 15

Conference Convened

The Western Area Interim Field Conference was officially convened by Area Director Schultz at 8:30 a. m. on March 15, following the registration. All of the Western Area field staff were in attendance. At the time of registration, a booklet containing informational material and material to be discussed during the conference was handed to each field man.

The following personnel from the Washington office were present:

W. M. Edmunds, Chief, Northern Region
C. L. Schultz, Director, Western Area
E. L. Arnn, Head, Engineering Section
R. R. Chesley, Head, Accounting Section
F. R. Hamlin, Head, Operations Section 9
E. G. Keffer, Head, Operations Section 7
A. L. Frank, Assistant to the Director
K. H. Kittle, Accountant, Electric Operations
and Loans Division

Mr. Kittle attended and participated in the Tuesday general session only. All of the others listed above were in attendance the entire week.

Message of Welcome

Mr. Schultz, in his opening remarks, welcomed those present and expressed the hope that all in attendance would benefit by the meeting and develop better working relationships between field and staff personnel. Those attending the conference who were not present at the St. Paul Conference were introduced to the fieldmen by Mr. Schultz.

Talk by Wade M. Edmunds

Mr. Edmunds, in a very interesting talk, discussed the rural electrification program in general. He said that it appeared that there will be \$100,000,000 available for the loan program for the fiscal year starting July 1. Engineering services he explained, will remain on the same level as now, and all borrowers will employ system engineers.

The power use meeting held in Chicago the week previous to the conference and which was attended by Messrs. Edmunds, Hamlin and Hamilton was discussed. This meeting was called by REA. Those invited included representatives from power companies, manufacturers, and cooperatives through executive managers of statewide organizations. Mr. Edmunds explained that load building was the theme of the meeting.

A united effort was to be made by all interested groups in building up the load, but first the borrowers must see the need of increased loads. It was pointed out that even security risk borrowers must spend money to build the load. Where statewide organizations are active in load building, borrowers had no trouble. Conversely, where statewide organizations are lax in this program or inactive altogether, the borrowers of those states generally are in trouble financially.

Mr. Hamlin commented briefly on some of the active statewide associations, among which was Kentucky, which a couple of years ago activated what is called the "Kentucky Plan". This Plan was developed with the idea of doubling the energy sold in two years, and from all reports, was highly successful.

The balance of the morning was utilized in discussing the Area work problems as follows:

1. Itineraries

A model itinerary on REA Form 437 was included in the hand-out material. All travelers were asked for comments as to whether they desired a monthly or semi-monthly itinerary. After considerable discussion, it was decided to continue the itineraries on a monthly basis. A survey of the number of itinerary changes which occurred during a three month period, disclosed that almost as many changes occurred during the first half of the month as against the second half. This indicated that nothing could be gained by the field men submitting bi-monthly itineraries.

The field employees were asked to submit itineraries in triplicate by the twentieth of the preceding month. Sufficient time would then be available to check and coordinate them and get approved copies back to the travelers by the first of the month in which the travel would be performed. In addition, all were asked to include an estimate of the cost of travel for the month.

In accordance with Staff Instruction 670-3R2, "Approved itineraries of all field representatives in an Area office shall be consolidated and copies mailed to each field representative". This item was debated pro and con. It was the consensus that such a consolidation has relatively little value for a variety of reasons, the foremost of which is the number of changes which occur even before the copies of the consolidated itineraries are received in the field. None of the travelers intimated that they used the sheets for any purpose. It was therefore decided to discontinue issuing the consolidated itineraries. An approved copy of each itinerary is currently being returned to the respective traveler for his use.

For about a year, four Regional Offices of the Bonneville Power Administration have been receiving copies of itineraries of the

fieldmen traveling in the territories served by those offices. It was decided to discontinue this practice since it was the opinion of several that the itineraries were not used. If Bonneville Power Administration requests that itineraries be sent to them as in the past, they will again be sent.

Referring again to the approved itineraries, the Travel Section has the responsibility of checking weekend travel to see that excess cost is not involved in going back to headquarters. A few of the field employees were under the impression that since approval was given to an itinerary which showed weekends in headquarters, that exceptions by Travel Section would not be taken. It is believed that this misconception has been eliminated.

2. Field Reports

A model Field Activities Report, REA Form 9, was also included in the hand-out.

It was pointed out that reports for all working days must be received in the Washington Office before travel vouchers can be administratively approved, and that all headquarters time must be reported on Field Activities Reports. The information to include in reports was discussed in the section meetings.

3. Travel

The field employees were instructed to adhere to approved itineraries as much as possible, and in addition to plan travel to save mileage.

4. Appointments

Mr. Schultz cautioned those attending the meeting to attempt to keep all scheduled appointments. However, if it was found necessary to cancel or change the date of a visit, to notify the borrower concerned. Reports have come in to Washington of instances where a fieldman would be expected by a cooperative manager and never show up. This does not improve our public relations with the borrowers. It was explained that a two-way postcard, REA Form 404 is available for making appointments. Some of the travelers already use this means; while others had not heard of it.

5. Correspondence

This subject was touched on briefly. In order to keep the Washington staff current on what is transpiring in the field, the fieldmen were told to make an extra copy of their correspondence with borrowers, statewide organizations, system engineers, etc., and mail it to the respective section head. This practice is carried out in the Washington office and should be followed in the field to keep the records current.

6. Organization

It was stressed that bypassing the Area office by field personnel should be discontinued. This often leads to embarrassment where information is requested of a Section Head and no knowledge of the problem must be confessed.

7. Newsletter

The field representatives were asked to submit items of interest to all for insertion in the newsletter to make it more interesting to them. In accordance with the wishes of the fieldmen, personal items will be put on a separate page or pages so that these may be detached and the balance filed for reference purposes.

Other Administrative items discussed briefly were vouchers, time reports, assignments, leave and per diem. The question of per diem brought forth many comments. It was the consensus that the per diem of \$8.00 and \$9.00 was being exceeded. In some few instances where travelers were keeping within these figures, lodging used and food consumed were substandard. Mr. Schultz explained that \$9.00 was the maximum rate allowable by law at that time.

One field representative asked whether a short stop over could be made at a borrowers office without an appointment if one were passed enroute to another borrower. This was answered in the affirmative since more often than not some help could be given. However, this should be done based on the fieldman's knowledge of the Manager and how he reacted to such unannounced visits. It was pointed out that a few managers were not receptive to this type of visit.

Monday Afternoon - March 15

Separate section meetings were held on Monday afternoon. A resume of the proceedings of these meetings follow:

Operations Sections 7 - 9

We discussed with the operating field staff the principle of completed staff work. This was emphasized in line with the REA policy to improve the standing and responsibility of the field staff man. Emphasis was placed on the fact that reports forwarded to REA should, on the basis of completed staff work, be factual, concise, and include conclusions. A mere statement of a problem would not constitute completed staff work.

The problems of making a loan to new borrowers, which is important in this section, were discussed from a field standpoint. Emphasis was given to the fact that if a utility could serve a proposed new load better than a borrower, it should be asked to do so, and especially is this true if a new load could be handled by a presently operating utility rather than developing a new borrower.

Field assistance on loan applications was also discussed and the field staff was advised to consider not only feasibility but also desirability in whether or not it was good business for the borrower to consider this particular loan. Also pertinent was the question as to whether or not the proposed loan is in the borrower's territory.

One of the weaknesses in the current staff work which we have had in the field has been failure to adequately consider the management problem of the borrower as such. We, therefore, recommended use of a self-evaluation chart which the borrower's manager could use in discussion with the operations field man and through such discussion the field man and the manager would discover both the weak and the strong points in the current management program.

Further discussion was carried out on work controls which were in use on a specific borrower or which could be installed with the field man's assistance, if required. Graphic analysis, inventories, and purchasing were also discussed with the field men, with a view to showing them what could be accomplished in assisting a borrower in establishing a strong operating organization.

Accounting Section

The subjects discussed at this meeting included:

1. A general review of accountants' responsibilities was presented which led into a lively discussion of REA Bulletin 185-3 pertaining to the review of borrowers' construction fund disbursements according to budget classification. It was pointed out that the REA bulletin and proposed related staff instruction states that all field representatives may be assigned to perform this function. It was the general consensus of the accountants that this plan has a great deal of merit since with the limited accounting staff it would be extremely difficult for them to visit sufficient borrowers to make these reviews and perform other assignments.

2. The status of the CPA and REA audit programs were discussed and the accountants' relation to each was discussed. It was pointed out that the CPA now should perform a complete general audit including construction fund as well as operations, and that REA accountants would perform CA audits only on specific assignment and then to limit such work wherever possible, to rendering advice to borrower personnel. In other words borrowers should do the work, the accountants merely functioning in an advisory capacity in most cases.

3. Assistance to new cooperative employees, particularly book-keepers and office managers, should be given when it has been determined that such assistance is necessary.

4. A detailed discussion was held concerning the contents of field reports and some of the principal items to be included therein was stressed. Those included:

- Status of Capital Credit Records
- Suspense Accounts
- General Financial Data
- Reimbursements of General Funds
- CPA Audit Status
- Accomplishments
- Recommendations for future Action

5. Travel and preparation of itineraries was discussed and the continued need for careful scheduling of assignments was emphasized to keep travel costs and time between visits to a minimum. This is being done at the present time and will be continued in the future based on the urgency of assignments, coordinating visits with personnel of other sections.

The accountants brought up the subject of a monthly report on items helpful in carrying out their assignments. As a result we have adopted a practice of providing accountants with monthly reports showing the borrowers which have not selected CPA's. Also a list of CPA reports received for use in scheduling assignments for the review of construction fund disbursements.

Engineering Section

During the Engineering Section meeting on Monday afternoon March 15, the subjects of Transmission and System Studies were discussed.

Transmission

The discussion of Transmission began with a review of a summary of "Pre-Construction Transmission Line Activities" which had been prepared by personnel of the Area Office Engineering Section. The summary had been duplicated and a copy was furnished to each field engineer. The summary should serve as a useful reminder of the various items concerning transmission line engineering and construction requiring consideration by the field engineer.

A short time prior to the conference, field engineers had been requested to submit questions in regard to transmission problems so that answers could be prepared for discussion at the conference. Several questions were submitted and the answers, in preliminary draft form, were prepared prior to the conference. The questions and answers were discussed and it is proposed that copies of the questions and answers will be furnished to field engineers after the material is re-worked.

The field engineers pointed out that they have need for extra copies of certain transmission line engineering data which had previously been furnished by the Engineering Section in memoranda. It is proposed that extra copies of these memoranda be furnished as requested particularly those on the subjects of (a) conductor separation, (b) underbuilt and (c) sag and tension of steel strand.

System Studies

The discussion of system studies was based on a summary of "System Study Activities" which had been prepared by personnel of the Area Office Engineering Section. The summary had been duplicated and a copy was furnished to each field engineer. In the summary, references are made to applicable REA Bulletins and Staff Instructions. It is believed that the summary will serve as a useful reference to field engineers in handling system study activities.

The following Bulletins and Staff Instructions having a bearing on system studies were discussed:

REA Bulletin 60-2 System Capacity

REA Bulletin 60-3 (Proposed) A Guide for the Preparation of Engineering System Studies for Distribution Borrowers. Copies of the proposed Bulletin 60-3 were distributed to field engineers.

REA Bulletin 140-2 Estimates of Kwh Consumption and Power Requirements.

REA Staff Instruction 140-2 Estimates of Kwh Consumption and Power Requirements.

Tuesday - March 16

The entire day was devoted to a presentation of the revised Uniform System of Accounts and a discussion of proposed related accounting procedures. The specific subjects discussed were:

1. Changes in the Uniform System of Accounts
2. Depreciation Rates and Procedures
3. Retirement Units
4. Work Order Procedure
5. Continuing Property Records

The presentation of these subjects was made by Messrs Schultz, Area Director; Arnn, Engineering; Chesley, Accounting; and Kittle, Operations Staff. Each subject was discussed and questions answered to the extent possible within the allotted time. All present participated in the discussion and asked many questions. In general, the group received the presentation very well and apparently were convinced the proposed procedures would greatly improve the records and procedures now in effect.

Wednesday Morning - March 17

General Session on Remedial Plans. At this meeting an actual remedial plan was used by Mr. Hamlin for discussion purposes. Comments on all parts of the plan itself were invited from the participants and a general discussion resulted. The main purpose of the discussion was to appraise the field staff of the importance REA attaches to the remedial plan. In our discussion we advised the field man that every remedial plan must be tailored to meet the demands of the situation, that when they are assigned to assist the borrower in making a remedial plan it must be understood that the purpose is to develop ways and means for improving the financial stability of the borrower. Nothing less will be satisfactory or acceptable. To do this requires intelligent evaluation of all factors involved in the operation and management of the borrower's system and their reports must not only contain an appraisal of the situation, but also conclusions and recommendations which can be understood by and put into use by the management of the system.

Wednesday Afternoon - March 17

At the beginning of the session, sample loan packets covering the new loan procedure were handed out.

Mr. Keffer opened the general session by briefly outlining the REA Act relating to how funds are appropriated, and allocated to the various states by percentages of unelectrified farms. Also how funds can be transferred from one state to another.

The new loan procedure was then presented step by step to the entire group, and all agreed that it was very informative. Unfortunately, the packets were incomplete due to the fact that this material was duplicated in Washington just prior to the conference and the material was assembled hurriedly. Following the presentation, there was excellent participation in the discussion period.

Thursday Morning - March 18

The entire group met in general session this morning. A resume of what transpired follows:

Engineering - E. L. Arnn

During the general session on March 18, a short discussion of engineering and construction matters of general interest was presented. The following subjects were discussed:

System Studies
Unadvanced System Improvement Funds
Large Power Application

The importance of system studies as an aid to planned system development was emphasized in addition to the importance of such studies in the processing of loan applications. REA Bulletin 60-2, System Capacity, was cited as containing information which all field people could bring to the attention of borrowers.

In regard of unadvanced system improvement funds, it was brought out that such funds are not available for transfer to other purposes even though the funds may not be needed for two or more years. System improvement funds included in loans are required to provide the system capacity on which loan feasibility is based and must be reserved for use in providing such capacity when needed.

A summary of information on "Proposed Large Power Loads", which had been prepared by personnel of the Area Office Engineering Section was distributed. The summary provides information which should be of value to field personnel in assisting borrowers on large power matters.

Accounting - R. R. Chesley

The following items were briefly discussed during the presentation:

1. General review of responsibilities of Accountants as related to other Sections.
2. New procedure in process.
3. REA Bulletin 185-3
4. Remedial Plans, and how the Accountants can assist the Operations Field Representatives in their preparation.
5. Loan Program.
6. CPA Program. A list of the borrowers that have not yet selected CPA's was handed out to all. The field representatives were asked to bring this subject up with the borrowers during visits.

Power Use Discussion - C. L. Schultz

Our part in this activity was discussed for about two hours Thursday morning. The opening remarks were made by Mr. Schultz on the broad phases of the power-use program and the importance of this activity both to REA and the borrower. He pointed out that in the past there had been a number of power-use programs started but that interest in them had waned, with the resulting lack of success in the program's objectives. He emphasized that in spite of the fact that there was no specific program which could be recommended to each borrower, power-use promotion was of vital importance to many of our borrowers and that we must do everything we can to help them develop programs which will fit their requirements and be within their ability to perform.

To point up the importance of the program, it was announced that the Administrator had called a power-use conference, which had been held in Chicago the week previous to our meeting. The meeting in Chicago had been attended by REA borrowers' representatives, public utility representatives, members of the National Electric Manufacturers Association, which was holding a conference in Chicago at the time, and by REA staff members, including Wade Edmunds, Fred Hamlin, and Stewart Hamilton, who also attended our meeting and furnished a resume of the Chicago meeting.

After this review there was a general discussion of the problem and several of the fieldmen pointed out what they had been able to accomplish in promoting power use on borrowers. Messrs. Shipp and Cadwallader reported on successful programs which had been carried on by borrowers in their respective areas, and we believe that these deserve more than passing interest.

For example, one plan adopted by a borrower was to buy several electric ranges. These were put on the consumers' premises absolutely free of charge for use for ten days or two weeks, depending on circumstances, after which they were removed. The consumer could not buy that particular range, but if he were interested he could, and they found he did purchase an electric range for his own use. In other words, the program resulted in adding a high percentage of ranges to the system's load. This type of power-use promotion can be carried on by any borrower. It does not have to be ranges. It can be any other type of electric appliance, exclusive of water systems and furnaces, which are not adaptable to this type of promotion. It can also be carried on by the borrower's present staff, which is the important point to be made in this type of program. Boards of directors have, through the years, developed a feeling against hiring power-use people, as such. We, therefore, recommend that our field staff promote power-use activities within the framework of the borrower's present organization, with the idea that when the workload of this activity reaches the point where it can no longer be carried on by the

manager and his assistants, they will automatically look around for someone who can be employed for this specific purpose. In our opinion, this is the only way in which any borrower will be brought to a realization of the importance and possibility of developing a really good program. In other words, our conclusion is that our fieldmen can be of most benefit through promotion of activities which will not immediately add to the overall operating expenses of the system, but will in the long run result in a full-fledged power-use program that will get results.

This briefly states our approach to the problem from a field standpoint on the basis of the present status of the program generally. We will expand our activity to meet the requirements of the REA-wide program as it is set up and developed.

Thursday Afternoon - March 18

Separate Section meetings were again held. Each Section Head presided at the individual meetings.

Accounting Section - R. R. Chesley

This meeting was devoted to a continuation of the subjects discussed at the Tuesday General Session, namely, Uniform System of Accounts, Depreciation procedure, Retirement Units, Work Order Procedure and continuing property records. During the discussion several specific cases were discussed and instructions to borrowers found to be in conformance with proposed procedures.

Engineering Section - E. L. Arnn

The meeting was devoted to discussion of the following subjects:

TO&M Surveys

Copies of the recently released Staff Instruction 161-1R1 and Bulletin 161-5R1 were distributed for review by field engineers.

It was the opinion of the field engineers that letters from the Area Office to borrowers in regard to arrangements for system review by field engineers would serve no useful purpose except in rare cases. In cases where letters would help field engineers in performing their duties, the field engineers would desire to make special arrangements with the Area Office for such letters. It was agreed that this procedure would be followed until further notice.

Negotiated Contracts

REA policy with respect to negotiated contracts was reviewed. (Bulletins 80-2 and 81-2)

E. E. Division Activities of Interest to Field Engineers

Information furnished by the E. E. Division on the following activities was reviewed and discussed:

Underground Corrosion (use of galvanized steel ground rods)
Material and equipment performance survey
Lightning arresters

Across-Line Starting of Large Motors

It was requested that field engineers send in reports on actual field experience in those cases where large motors are being started across the line. The reports should include, (a) motor nameplate data including NEMA code number, (b) type of load, (c) transformer bank size, (d) supply line data, (e) test date on voltage and current during starting if available, (f) comments on difficulties experienced, if any.

Phase Converters

Field engineer Randall Leon presented a discussion of phase converters based on field observations and laboratory tests made at Manhattan College. The discussion brought out the problems which users of such equipment may encounter and emphasized that in view of the possible troubles borrowers might well avoid endorsing or promoting the use of such equipment.

Work Orders and Work Order Inspection

The recent instruction that all borrowers should employ independent engineers to inspect work order construction and certify inventories was discussed.

Attention was called to Mr. Zook's memorandum to all borrowers dated February 24 on the subject of identifying system improvement work orders on inventories.

Operations Section 7 - E. G. Keffer

The session was opened with individual discussions by each Operations Field Representative as to his ideas of responsibilities to the program, and how he carried out the program. A general exchange of ideas followed.

The responsibilities of the Operations Field Representative in advising on rate problems were discussed. It was stressed that proper and adequate data be accumulated and submitted by the borrower to the REA. With sufficient information, the Rate Section could then review the material and make any suggestions to the borrower before rates were put into effect, or before the borrower prepared data to present to the State Commission for approval, where required.

Operating Report forms were discussed and explained where questions were raised.

Budget of loan funds was discussed and emphasis was placed on the use of funds by the borrowers for the purposes for which the money was loaned. The procedure was explained for transferring funds that are no longer needed for a particular purpose to other items.

A discussion followed on the guide lines to adhere to for future work; what to look for upon visiting a borrower's office in overall operating problems; and advice to borrowers on improvement of situation and necessary changes.

The following items were also debated pro and con:

1. Remedial Plans
2. Debt Service - How calculated.
3. Breakdown of consumers.
4. Breakdown of energized miles.
5. Power Use.

Operations Section 9 - F. R. Hamlin

At this meeting, Mr. Hamlin discussed the status of the field work in Section 9 and ways and means of improving the quality of the work now being performed. The discussions which had already taken place were gone over with particular reference to financial planning which is largely lacking in the borrowers' thinking.

The last half hour of each Section meeting was taken up by the fieldmen's constructive suggestion session with the Section Heads leaving the meetings.

Friday Morning - March 19

The results of the fieldmen's constructive suggestion sessions held the previous afternoon were read and briefly debated. Those few which need be answered formally will be reported to the Administrator at a later date.

Following is listed the constructive suggestions as reported by each Section:

Fieldmen's Constructive Suggestions

Accounting Section

We enjoyed very much the presentation of the new procedures, especially the work order and depreciation procedure which we feel is long past due.

The entire conference was very informative and much appreciated.

Engineering Section

1. Whereas it is felt this type of meeting is excellent, a note of thanks is extended to the director and others who made it possible.
2. Whereas the report requested in April covering the traveler's detailed expense is not felt adequate and does not reflect the true expense in that the traveler is forced at times to secure food and lodging of a character less than 1st class in order to keep within the allowable per diem. It is recommended that the full amount of \$9.00 per diem as allowed under the law be granted.
3. Whereas it is considered that the time of arrival at or departure from headquarters or duty point is a matter for administrative consideration, it is recommended that voucher audit exceptions involving this point be cleared with the traveler's section head before final processing of the voucher.

Operations Section 7

1. The group highly commends Director Chris Schultz and his able staff for an excellent Interim Conference directed to the problems applicable to the Area, and for the opportunity of field representatives to have their specific problems discussed.
2. We want to express our appreciation to Messrs. Wade Edmunds, and K. H. Kittle for their help, suggestions, and participation in the conference.

3. We take this opportunity to commend the Travel Section for its prompt attention to our travel vouchers and in getting out expense checks. There would be some advantage to us if the yellow copy of the voucher could be sent with the check if no delay in mailing out the checks resulted in so doing.
4. We would like to have a statement from REA as to its present policy or recommendations in respect to a farmstead wiring and inspection program.
5. We believe it highly desirable that the borrowers in Section 7 and field representatives be sent detailed instructions for the preparation of the data on the yellow or third sheet of the Monthly Operating Report in order that the desired information will be included, and the reports made more uniform and acceptable.
6. It is our opinion that the Conference at Salt Lake City has been much worthwhile and that the instruction and information received will help each of us to do a more effective job in the field.

Operations Section 9

1. It was the opinion of this group that the meeting has been very productive and constructive.
2. It is suggested that future meetings be planned to provide as much time as possible for work sessions.
3. It would be appreciated, if possible, if informative articles on management, finance and other pertinent data be briefed and sent to field people.

Meeting suggestion slips were handed out to all field personnel at the beginning of each session. These were completed (without signature) and handed in at the close of each session. In addition, on the last day, the fieldmen were asked to evaluate the entire conference in terms of (a) Fair, (b) Good, (c) Excellent, and (d) Indifferent. The results indicated that 80% of these attending judged the conference "Excellent" and 20% judged it "Good".

The major part of the Friday morning session was devoted to the answering and discussion of questions submitted on the suggestion slips for each of the individual sessions. Most of these points required only an elaboration on one of the previous discussions but a few brought up points that had not been previously discussed. We believe this feature of the conference was of much value in helping to clarify the subject matter for the fieldpeople as well as the Washington Staff.

In the opinion of those attending from the Washington office, the attention given to each general and concurrent session by the fieldmen was outstanding. Interest was high and participation from the floor was unusually good. It is felt that the conference was informative and productive for both the field and Washington Staff.